

## Message Text

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PAGE 01 STATE 001529  
ORIGIN COME-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-08 /031 R

DRAFTED BY COM/OED/MEPD/WHAIMES/CF  
APPROVED BY EB/OCA/CD:WERAU  
COM/OED/MEPD/JN RANDOLPH, JR.  
COM/OED/MEPD/JRHEAGEN, ACT. DIR.  
COM/OIM/DEARLE (INFO)  
STATE/NEA/PAB/MHORN BLOW (PHONE)  
NEA/RA:DMORRISON (INFO)  
-----070066 042347Z /70

P 042301Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY KABUL PRIORITY  
INFO AMEMBASSY TEHRAN PRIORITY  
AMEMBASSY VIENNA

C O N F I D E N T I A L STATE 001529

VIENNA PASS UNIDO

E.O. 11652: GDS

TAGS: BENC, AF, IR, AU

SUBJECT: MAJOR PROJECT: KANDAHAR CEMENT PLANT

REF: A) KABUL 9019, B) TEHRAN 11460, C) KABUL 8961

1. WE AND FULLER CORP. ARE, OF COURSE, DISHEARTENED BY  
NEW DEVELOPMENTS IN KABUL RE AFGHANISTAN'S KANDAHAR  
CEMENT PLANT AS REPORTED REF A, ESPECIALLY IN VIEW OF  
APPARENT PROGRESS WHICH HAS BEEN MADE ON IRANIAN SIDE  
TOWARD RENEWING IRANIAN FINANCING COMMITMENT FOR THE  
PROJECT. WE ARE PARTICULARLY DISAPPOINTED TO LEARN THAT  
THE AFGHANS ARE GIVING SERIOUS CONSIDERATION TO BUILDING  
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A SMALLER CEMENT PLANT AT KANDAHAR, SINCE THIS OBVIOUSLY  
MIRRORS THE CZECHOSLOVAKIAN PROPOSAL TO BUILD SMALL  
PLANT FOR GOA.

2. WE ARE ALSO SURPRISED AT SUDDEN UNIDO INVOLVEMENT IN  
PROJECT. UNIDO STUDY WOULD CERTAINLY APPEAR TO BE  
REDUNDANT GIVEN FACT THAT A GOA-COMMISSIONED FEASIBILITY

STUDY WAS ALREADY PERFORMED BY FULLER RESULTING IN GOA'S

SIGNING OF A CONTRACT WITH FULLER TO BUILD THE LARGER PLANT.

3. AT THE TIME THE GOA RENEGED ON FULLER'S CONTRACT THE ACTION WAS UNDERSTANDABLE BECAUSE THE EXPECTED IRANIAN FINANCING WAS NOT FORTHCOMING. HOWEVER, NOW THAT THE IRANIANS APPEAR TO BE READY TO PROCEED, WAVERING ON PART OF GOA DOES NOT SPEAK WELL FOR ITS READINESS TO HONOR ITS COMMERCIAL COMMITMENTS.

4. AS EMBASSY HAS REPORTED, CZECH PROPOSAL TO BUILD SMALLER PLANT IS BASED ON CZECH CONTENTION THAT LOCAL AND EXPORT MARKET WILL NOT SUPPORT 1600 T/Y PLANT SPECIFIED IN GOA/FULLER CONTRACT. HOWEVER, AS EMBASSY AWARE, FULLER FEASIBILITY STUDY WAS BASED ON IRANIAN EXPORT MARKET, AND LARGER PLANT WOULD HAVE BEEN SUBSTANTIAL FOREIGN EXCHANGE EARNER FOR AFGHANISTAN.

5. ACTION REQUESTED: EMBASSY KABUL AT ITS DISCRETION

MAY WISH TO TOUCH BASE WITH UNIDO ADVISORS MENTIONED REF A TO DISCUSS PROJECT HISTORY AND TO ASCERTAIN REASON FOR RENEWED STUDY OF CEMENT PLANT. (HOPEFULLY, GOA HAS PROVIDED UNIDO REPS WITH COPY OF ORIGINAL FULLER CONFIDENTIAL

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STUDY.) WOULD IN ANY CASE BE INTERESTED IN IDENTITY AND NATIONALITY OF UNIDO ADVISORS. IF UNIDO REPS ARE RECEPTIVE, FULLER WOULD BE HAPPY TO SEND REP TO MEET

WITH THEM INFORMALLY TO DISCUSS TECHNICAL ASPECTS OF ORIGINAL STUDY UPON EMBASSY'S ADVICE. CHRISTOPHER

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## Message Attributes

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**Concepts:** n/a  
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**Reference:** 78 KABUL 9019, 78 TEHRAN 11460, 78 KABUL 8961  
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**TAGS:** BENC, AF, IR, AU  
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**Review Markings:**  
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